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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

AB 3/3/03

## OMB APPROVAL

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ANNUAL AUDITED REPORT  
~~FORM X-17A-5~~  
PART III

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8-17758

## FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING January 1, 2002 ENDING December 31, 2002

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER

StockCross Financial Services, Inc.

OFFICIAL USE ONLY

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

One Washington MallBoston

(City)

(No. and Street)  
Massachusetts

(State)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Andrew Reich617-367-5700

(Area Code - Telephone No.)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Lilling & Company LLP

(Name - if individual, state last, first, middle name)

10 Cutter Mill Road

(Address)

Great Neck

(City)

NY

(State)

11021

(Zip Code)

CHECK ONE

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

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THOMSON  
FINANCIAL

\* Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the exemption. See section 240.17a-5(e)(2).

Sec 1410 (7-00)

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## OATH OR AFFIRMATION

I, Andrew Reich swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of StockCross Financial Services, Inc., as of

December 31, 2002, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

AR

Signature

CEO / CFO

Title

\_\_\_\_\_  
Notary Public

Samuel Gordon

This Report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss)
- ☒ (d) Statement of Cash Flows.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of Consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) A report on internal control.

\*\* For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

# Lilling & Company LLP

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

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To the Board of Directors  
StockCross Financial Services, Inc.  
Boston, Massachusetts

We have audited the accompanying statement of financial condition of StockCross Financial Services, Inc. as of December 31, 2002, and the related statements of operations, changes in stockholder's equity and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of StockCross Financial Services, Inc. at December 31, 2002, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II is presented for the purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**CERTIFIED PUBLIC ACCOUNTANTS**

*January 30, 2003*

# STOCKCROSS FINANCIAL SERVICES, INC.

## STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2002

### ASSETS

|  |                      |
|--|----------------------|
| Cash and cash equivalents  | \$ 1,623,934         |
| Cash and securities segregated in compliance with federal<br>and other regulations               | 64,917               |
| Receivable from broker-dealers and clearing organizations  | 260,918              |
| Receivable from customers  | 21,958,856           |
| Securities owned, at market value  | 56,981,437           |
| Securities borrowed  | 287,531              |
| Furniture, equipment and leasehold improvements, net<br>of accumulated depreciation of \$640,140 | 215,451              |
| Other assets   | 104,442              |
|  | <u>\$ 81,497,486</u> |

### LIABILITIES AND STOCKHOLDER'S EQUITY

#### Liabilities

|  |                   |
|--|-------------------|
| Payable to customers                                     | \$ 71,045,409     |
| Payable to broker-dealers and clearing organizations     | 126,930           |
| Accounts payable, accrued expenses and other liabilities | 299,930           |
|  | <u>71,472,269</u> |

#### Stockholder's equity

|  |                      |
|--|----------------------|
| Common stock; \$1.00 par value, 8,000 shares authorized,<br>issued and outstanding | 8,000                |
| Paid in capital  | 3,352,000            |
| Retained earnings  | 6,665,217            |
|  | <u>10,025,217</u>    |
|  | <u>\$ 81,497,486</u> |

See notes to financial statements